



NEWS RELEASE

PRESS OFFICE

Release Date: April 1, 2004

Contact: Doug Heye (202) 205-7990

Release Number: 04-20

Sue Hensley (202) 205-6444

Internet Address: <http://www.sba.gov/news/indexheadline.html>

Barreto Applauds Senate Approval of Job Creation Bill *Increased 7(a) Lending Authority to Support Thousands of New Jobs*

WASHINGTON – U.S. Small Business Administrator Hector V. Barreto called today “a great day for small business” after the United States Senate passed legislation that will increase lending authority for the SBA’s flagship 7(a) loan program by more than \$3 billion, lift the current \$750,000 cap on 7(a) loans, and ensure continuing operations for other key SBA programs. The bill, HR 4062, passed the House earlier this week and is expected to be signed into law by President George W. Bush.

“This is a great day for small business and for the American economy,” Barreto said. “This legislation will benefit thousands of small businesses across America by giving them the tools to help them grow, expand and create jobs. Small businesses are the engine that drives our economy, and this bill ensures that that engine has the fuel it needs to forge ahead. With this legislation in place, I look forward to another record-breaking year for the SBA’s flagship 7(a) loan program, and another historic year for America’s small businesses.”

“Today’s success would not have been possible without the leadership of Majority Leader Frist and Senator Snowe,” Barreto added. “Senator Snowe, the Chair of the Senate Small Business Committee, understands that small businesses are America’s job creators. Her leadership was critical to the passage of this legislation. I appreciate her perseverance and look forward to continuing to work with her in the future to continue to lend a helping hand to all 25 million of America’s small businesses.”

The new bill will increase the 7(a) program’s lending authority for this year by up to a third, to \$12.5 billion. That will allow the program to reach up to 90,000 small businesses in fiscal year 2004, creating or retaining up to 500,000 jobs for hard-working Americans.

The legislation will also allow the SBA to remove the \$750,000 cap on 7(a) loans, returning it to its previous \$2 million level. Lenders will have the option to make SBA Express loans of up to \$2 million. Piggyback loans will once again be allowed.

The legislation reauthorizes the 504 loan program and the Small Business Investment Company program through the end of the fiscal year. The bill also guarantees that the SBA’s Small Disadvantaged Business and Preferred Surety Bond programs will remain in continual service through the end of the June – both would have expired at the end of the week without congressional action.

###